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For many process industry and manufacturing companies, building new plants, investing in productivity improvements and achieving world-class operational status is more of a dream than reality. Numerous organizations simply look to maintain their current profit and revenue levels through outsourcing and cutting costs in unimportant activities. Investing in sustainable business improvements often are afterthoughts because of a management focus on short-term value.

With these companies constantly facing increased customer demands, hypercompetitive market pressures and higher shareholder expectations, concentrating on cutting costs through limited-value solutions such as outsourcing may lead to diminishing results. Businesses, however, can win by focusing on their core expertise, such as mining, papermaking, rolling aluminum or tire building, and partnering with companies that better understand important non-core processes in order to achieve higher results.

Partnering

Partnering enables companies to stand shoulder to shoulder with manufacturers to tackle new and difficult challenges. Partners have the same goal as the manufacturer, participating in strategy and production meetings, and mutually striving to achieve jointly created and targeted metrics. The fundamental components of successful partnering are:

- Mutual objectives
- Performance basis

Mutual objectives

The key to an effective partnership is creating mutually desirable objectives that are defined by Key Performance Indicators (KPIs). Partnering KPIs should be shared so that the partner can drive a direct impact on overall business performance.

The secret to doing this successfully is the word “mutual.” If both parties agree up-front to work together long-term, it will be in both parties’ interests to make adjustments that deliver longterm success. This means that both the manufacturer and the partner must develop and maintain a high degree of trust, be flexible and stay focused on winning. The partnership will not be profitable and sustainable if only one party is successful.

Performance basis

A true partnership involves both parties sharing risks and successes. In collaborating with mutual KPIs, the partner’s profit motive is aligned with the manufacturer’s profit motive. Linking financial incentives to improved performance drives the partner to deliver continuous and sustainable value rather than short-term results. **MT**

Partnering drives profitability

Today, in the highly competitive business environment, companies no longer can afford to focus on solutions that create limited financial benefits. They must move to a higher value-added partnering approach to achieve sustainable value creation and improvement. By developing partnering relationships with service companies that are world-class experts in their field, leading organizations can accelerate achieving business improvements and sustainable financial success.

Magnus Pousette is vice president and general manager of ABB Reliability Services North America, a professional reliability systems, consulting and partnering company managing maintenance operations for more than 150 client sites worldwide in the chemical processing, discrete manufacturing, electronics, food processing, metals, mining, paper and oil & gas industries. E-mail: magnus.pousette@ us.abb.com .